



United States
Department of
Agriculture

Rural
Housing
Service

Oregon AN No. 1197(1980)

101 SW Main, Suite 1410
Portland, OR 97204-3222
PHONE: (503) 414-3335
FAX: (503) 414-3394
Office Hours 8:00 am - 4:30 PM

March 12, 2001

SUBJECT: Guaranteed Rural Housing (GRH) Program
Existing Home Inspections - Compliance to HUD Handbooks

TO: Rural Development Managers
Rural Development
Oregon

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide guidance on Section 1980.313 (g) and (h) of RD Instruction 1980-D dealing with standards of an existing dwelling for the GRH Program.

COMPARISON WITH PREVIOUS AN:

This AN replaces Oregon AN No. 1134(1980-D) which expired 2/24/00.

IMPLEMENTATION RESPONSIBILITIES:

Section 1980.341(b)(1)(i) of RD Instruction 1980-D indicates inspections for existing dwellings must be made to determine that the dwelling:

"...meets current requirements of HUD handbook..."

In an effort to be consistent with industry standards, Rural Development is adopting HUD's Valuation Condition Sheet (form HUD-92564-VC) as primary evidence of inspection on existing home purchase. This form will replace Exhibit A to formerly issued AN 1134, "Inspection Report for Existing Properties". It should be noted that Rural Development is adopting the use of the VC Sheet and NOT the FHA appraisal notification process.

EXPIRATION DATE:
March 31, 2002

FILING INSTRUCTIONS:
Proceeding RD Instruction 1980-D

USDA is an equal opportunity provider and employer.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, DC 20250

Repairs and other conditions of the appraisal are to be indicated on the "Valuation Condition (VC) Sheet". This form can be found at HUDClips http://www.hudclips.org/sub_nonhud/html/forms.htm or REAC's site at http://www.hud.gov/reac/appraisal_form.html (Legal size paper is needed to print this form.)

By utilizing a FHA appraiser and completing the VC Sheet lenders comply with Section 1980.341(b)(1)(i) of RD Instruction 1980-D, which requires that the home to be purchased meet FHA minimum property standards. HUD Handbook 4150.2 provides instructions on the completion of the VC Sheet. Attached to this release is a sample form.

Repair items required by the appraiser or underwriter must be inspected and the clearance documented. Refer to HUD Handbook 4000.2, REV-2, at Section 2-19 for clearing conditions on existing homes.

As always, borrowers should be encouraged to obtain a detailed home inspection of the property, although not required. The appraisal and completion of the VC Sheet are not considered home inspections.

If you have any questions regarding this Administrative Notice (AN), please feel free to contact Single Family Housing at (503) 414-3335.

LYNN SCHOESSLER
State Director

Attachment